

in extending and making more specific the objectives of universal service, the Commission and Joint Board should refrain from the adoption of radical new approaches for the areas served by Rural LECs, areas where achieving the goals of the Act are likely to be the most difficult.

As pointed out in several comments, the requirements in the Act that universal service support systems be made “explicit” can be readily achieved without discarding the fundamental basis of the current system.

4. Both USF And DEM Weighting Are Consistent With the Intent of the Act to Support High Cost Areas.

A number of commenters have called for the immediate termination of DEM weighting, saying that this is inconsistent with the requirements of the Act for competitive neutrality. These include MCI, Ameritech and several others. To the contrary, however, as stated by USTA, SWBT, and the Rural Coalition, both USF and DEM payments are specifically targeted to high cost areas, specifically high cost areas served by Rural LECs. While the financial support for these payments is now included as an element of many access charge rates determined under Part 69, it would be quite possible for the Commission to establish bulk billing or other “explicit” mechanisms by which this financial support could be preserved, consistent with the intent of the Act.

USTA points out that DEM is explicit and is directed specifically at small LECs that lack the economies of size and scope available to reduce the costs of switching that are available to larger carriers. SWBT stated that it concurred in the position of USTA that DEM weighting be continued for rural LECs and added that its review indicated that it was essential that DEM weighting support levels be continued at essentially unchanged levels for Rural LECs. The Rural

Coalition noted that DEM weighting has been successful in achieving lower rates in rural areas, that the support provided by DEM is explicit, and that it is essential that the DEM weighting mechanism either be continued or effectively paralleled.

As previously discussed, the Act focuses upon the impacts on consumers, requiring that rates for both current and advanced telecommunications services be ‘reasonably comparable’ between rural and urban areas, including high cost areas. The Act does not endorse any particular model for establishing universal service support mechanisms with equal specificity.

Accordingly, there is nothing in the Act that is inconsistent with the continuation of USF and DEM weighting for Rural LECs.

IV. CONCLUSION.

For all of these reasons, the Commission should build on and modify the current system of universal service for rural LECs rather than adopt a radical new system which may lead to unknown results for consumers in rural areas. The priorities of the Act for preserving Universal Service in rural areas require such an approach. Such an approach would allow the Commission to implement a different system for larger LECs and would allow the Commission to achieve all of the objectives of the Act. Specifically, the Commission and Joint Board should:

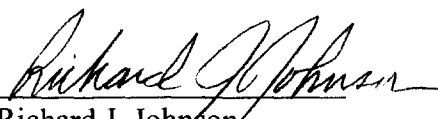
1. Recognize that the Commission and Joint Board need not move with the same pace in all areas, and that the Act allows a more deliberate approach for areas served by Rural LECs;
2. Proceed in a manner consistent with the requirements of the Act that Universal Service in rural areas take priority over the introduction of competition in such areas;
3. Avoid disruptive changes to the current Universal Service support mechanisms for areas served by Rural LECs; and

4. Adopt an evolutionary philosophy that builds upon the successful elements of the current system for areas served by Rural LECs.

Dated: May 7, 1996

Respectfully submitted,

MOSS & BARNETT
A Professional Association

By 
Richard J. Johnson
Brian T. Grogan
4800 Norwest Center
90 South Seventh Street
Minneapolis, MN 55402-4129
(612) 347-0275

Attorneys on behalf of Minnesota
Independent Coalition

CERTIFICATE OF SERVICE

I hereby certify that an original and six copies of the Reply Comments of the Minnesota Independent Coalition were sent via federal express on the 6th day of May, 1996, to the following:

Office of the Secretary
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

and by United States Mail, postage prepaid, to the following persons:

The Honorable Reed E. Hundt, Chairman
Federal Communications Commission
1919 M Street, N.W. -- Room 814
Washington, D.C. 20554

The Honorable Andrew C. Barrett, Commissioner
Federal Communications Commission
1919 M Street, N.W. -- Room 826
Washington, D.C. 20554

The Honorable Susan Ness, Commissioner
Federal Communications Commission
1919 M Street, N.W. -- Room 832
Washington, D.C. 20554

The Honorable Julia Johnson, Commissioner
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

The Honorable Kenneth McClure, Vice Chairman
Missouri Public Service Commission
301 W. High Street, Suite 530
Jefferson City, MO 65102

The Honorable Sharon L. Nelson, Chairman
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

RECEIVED
JUL 7 1996
FCC MAIL ROOM

The Honorable Laska Schoenfelder, Commissioner
South Dakota Public Utilities Commission
500 E. Capital Avenue
Pierre, SD 57501

Martha S. Hogerty
Public Counsel for the State of Missouri
P.O. Box 7800
Harry S. Truman Building, Room 250
Jefferson City, MO 65102

Deborah Dupont, Federal Staff Chair
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

Paul E. Pederson, State Staff Chair
Missouri Public Service Commission
P.O. Box 360
Truman State Office Building
Jefferson City, MO 65102

Eileen Benner
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

Charles Bolle
South Dakota Public Utilities Commission
State Capital, 500 E. Capital Avenue
Pierre, SD 57501-5070

William Howden
Federal Communications Commission
2000 L Street, N.W., Suite 812
Washington, D.C. 20036

Lorraine Kenyon
Alaska Public Utilities Commission
1016 West Sixth Avenue, Suite 400
Anchorage, AK 99501

Debra M. Kriete
Pennsylvania Public Utilities Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Clara Kuehn
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

Mark Long
Florida Public Service Commission
2540 Shumard Oak Blvd.
Gerald Gunter Building
Tallahassee, FL 32399-0850

Samuel Loudenslager
Arkansas Public Service Commission
P.O. Box 400
Little Rock, AR 72203-0400

Sandra Makeeff
Iowa Utilities Board
Lucas State Office Building
Des Moines, IA 50319

Philip F. McClelland
Pennsylvania Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, Pennsylvania 17120

Michael A. McRae
D.C. Office of the People's Counsel
1133 15th Street, N.W. -- Suite 500
Washington, D.C. 20005

Rafi Mohammed
Federal Communications Commission
2000 L Street, N.W., Suite 812
Washington, D.C. 20036

Terry Monroe
New York Public Service Commission
Three Empire Plaza
Albany, NY 12223

Andrew Mulitz
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

Mark Nadel
Federal Communications Commission
1919 M Street, N.W., Room 542
Washington, D.C. 20554

Gary Oddi
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

Teresa Pitts
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Jeanine Poltronieri
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

James Bradford Ramsay
National Association of Regulatory Utility Commissioners
1201 Constitution Avenue, N.W.
Washington, D.C. 20423

Jonathan Reel
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

Brian Roberts
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3298

Gary Seigel
Federal Communications Commission
2000 L Street, N.W., Suite 812
Washington, D.C. 20036

Pamela Szymczak
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

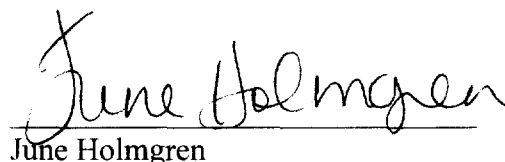
Whiting Thayer
Federal Communications Commission
2000 L Street, N.W., Suite 812
Washington, D.C. 20036

Deborah S. Waldbaum
Colorado Office of Consumer Counsel
1580 Logan Street, Suite 610
Denver, Colorado 80203

Alex Belinfante
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

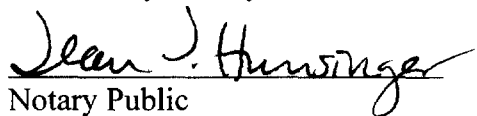
Larry Povich
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dated this 6th day of May, 1996.



June Holmgren

Subscribed and sworn before me
this 6th day of May, 1996.


Notary Public

